MEDICAID INFORMATION REPORT

AIDS Related Drugs and State General Assistance Programs

REPORTS
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L38
1991

Health Care Financing Administration
May 1991

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

Washington, D.C. 20201

OCT 3 1991

MEDICAID INFORMATION REPORT

Attached is a report entitled "AIDS-Related Drugs and State General Assistance Programs" which was prepared for the Medicaid Bureau under a contract with the Intergovernmental Health Policy Project. We hope that you will find the information valuable in your work with the Medicaid program.

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Christine Nye
Director
Medicaid Bureau

Attachment

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AIDS-RELATED DRUGS AND STATE GENERAL ASSISTANCE-MEDICAL PROGRAMS

prepared for the

Health Care Financing Administration

U.S. Department of Health and Human Services

Contract No. 500-91-0034

by

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INTRODUCTION

Twenty-three states have a medically indigent care program associated with state or county General Assistance programs. General Assistance programs (also called General Relief or Home Relief in some states) are state or local programs of continuing or emergency income assistance. They serve as the ultimate safety net for people with little or no income who are ineligible for federally supported cash assistance programs like Aid to Families with Dependent Children and Supplemental Security Income. Historically, the administration of the General Assistance (GA) programs was the responsibility of the county or town, but over the years states have assumed more and more of the administrative and financial responsibility for them.[1]

States have generally chosen to operate their state-county indigent care programs as part of their GA cash grant programs because of existing administrative capacity. GA already gathers information on recipient income levels, financial resources, eligibility for federal assistance and ability to work. Nearly all GA programs make cash grant recipients automatically eligible for medical benefits.

General assistance-medical (GA-M) programs are often administered by the same state agency as Title XIX Medicaid. GA-M eligibility and benefits are generally modeled after a state's Medicaid program. GA-M programs typically restrict provider participation to those providers already certified by Medicaid, and use Medicaid reimbursement methodologies and rates. Because they are similar in many ways to the states' federally assisted Medicaid programs, they are sometimes referred to, formally or informally, as state-only Medicaid.

Two of these GA states operate more than one program to provide medical services to their indigent population. In Illinois and Virginia, these programs work together with GA-M to provide comprehensive health care coverage. Because of their significance and the availability of centralized data, a profile of these complimentary programs is included in this report.

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[1] Several states that do not have statewide GA programs require the counties to be the responsible entities in providing health care services to the indigent. Thus, in some states, counties may run distinct programs with no uniform eligibility standards or benefits and no central collection point for recipient, expenditure and utilization data. These other programs for the medically indigent have not been included in this report.

ELIGIBILITY

Eligibility for GA-M programs is based primarily on financial need. In addition, nearly all 23 states require applicants to be residents. The following general categories of individuals are typically found on the GA case rolls: low-income, disabled and /or unemployed. These programs are intended to be a catch-all for the poor who do not qualify for federal assistance, although a few GA-M programs also pay for some services for certain Medicaid recipients.

Because eligibility for GA-M is disease-neutral, there is no way to measure how many applicants qualify by virtue of their HIV status. However, because six of the ten states with the highest incidence of AIDS operate GA-M programs (New York, New Jersey, Illinois, Pennsylvania, Massachusetts and Maryland), it is certain that some of the eligibles are qualifying due to AIDS-related disability.

Persons must meet certain income and financial resource limits in order to be eligible for GA-M services. Monthly income levels represent the maximum income a GA-M participant may have and still qualify for benefits. Current income thresholds for an individual range from a low of $166 per month in Illinois to a high of $572 per month in Connecticut. For couples, the income limits vary from a low of $221 per month in Illinois to a high of $730 in Minnesota (see Exhibit 1). Delaware, whose new GA-M program is scheduled to take effect during 1991, has not yet promulgated eligibility standards or benefit coverage.

Comparing maximum income levels to the 1990 federal poverty level of $554 per month for an individual, GA-M eligibility standards range from 30% of poverty in Illinois to 103% of poverty in Connecticut. Seven of the 17 GA-M states with uniform eligibility requirements set limits at less than half of the federal poverty level. Clearly, GA-M programs are targeted to the very poor.

In addition to monthly income ceilings, GA-M also imposes limitations on the amount of cash assets individuals can have and still receive benefits. Cash asset limits may or may not vary according to family size. Five states do not allow GA-M recipients to possess any cash assets. Among the others, restrictions range from a low of $50 in Oregon to a high of $2,500 in Maryland for both individuals and couples. In addition to categorical eligibility for the GA-M programs, most of the states have a "spend down" provision whereby applicants with higher incomes may qualify for assistance if their incurred medical bills are very high.

EXHIBIT 1

INCOME ELIGIBILITY REQUIREMENTS FOR STATE GENERAL ASSISTANCE - MEDICAL PROGRAMS

STATES	MAXIMUM MONTHLY INCOME FOR INDIVIDUAL[1]	MAXIMUM MONTHLY INCOME FOR COUPLE	MAXIMUM MONTHLY INCOME FOR FAMILY OF 3	CASH ASSETS LIMIT[2]
ALASKA	$300	$404	$500	$500
CONNECTICUT[3]	$473/$572	$629/$730	$773/$904	$250 500 750
HAWAII	$523	$504	$632	$1,000
ILLINOIS[4]	$166	$221	$275	$400 600 700
KANSAS	$269	$346	$436	$1,000
MAINE	Varies by locality	---	---	0
MARYLAND	$384	$425	NA	$2,500
MASSACHUSETTS	$344	$435	$527	$250 500 500
MICHIGAN	$266	$356	$494	$250
MINNESOTA	$402	$502	$611	$1,000
MISSOURI	Varies by need	---	---	$1,000
MONTANA[5]	$330	$449	$340	0
NEW JERSEY[6]	$140/$210	$193/$289	$244/$390	0
NEW YORK	Varies by need	---	---	$1,000
OHIO	Varies by locality	---	---	$1,000
OREGON	$258	$340	NA	$50
PENNSYLVANIA	$205	$316	$402	$250 1,000 1,000
RHODE ISLAND	$327	$449	$552	$1,000
VERMONT	Varies by need	---	---	0
VIRGINIA[7]	$523	$449	$340	$1,000
WASHINGTON	$339	$428	$523	$1,500 2,250 2,250
WISCONSIN	$175	$298	$352	0

SOURCE: Intergovernmental Health Policy Project, 1991.

FOOTNOTES:

1 Data on income standards is for state fiscal year 1991 (July 1, 1990 - June 30, 1991) for all states except Michigan and Minnesota where it is for fiscal year 1990.

2 The term "cash assets" refers to such resources as money in bank accounts, stocks and bonds. It does not include a person's home, car or personal possessions. Some states set the same limit, regardless of family size, while other states increase the threshold accordingly.

3 Connecticut's GA-M program is divided into 3 geographic regions. Region A's income eligibility standards are higher than the standards used in Regions B and C.

4 Illinois' Aid to the Medically Indigent program is reviewed here in lieu of the state's GA-M program because AMI is a uniform, statewide program, whereas GA-M is largely administered by the townships which set varying eligibility standards.

5 These income standards pertain to the state-administered portion of Montana's General Relief program which includes 12 of the state's counties. The remaining 44 counties administer the program locally and set varying eligibility standards.

6 New Jersey maintains two sets of income eligibility standards: the lower income standards apply to applicants who are able to work, while the higher standards apply to those individuals who are unemployable.

7 Virginia's State and Local Hospitalization program is reviewed here in lieu of the state's General Relief program because GR is an optional program administered locally with varying eligibility standards.

SERVICES

Most GA-M programs offer a comprehensive package of health care services to eligible recipients. Benefits cover basically the same services as those provided under Medicaid (i.e., inpatient and outpatient hospital care, physician services, prescription drugs, laboratory and X-rays, and family planning services). The following five states only cover ambulatory care services: Massachusetts, Michigan, Oregon, Vermont and Virginia.

Sometimes states place greater restrictions on the amount or duration of benefits available under their GA-M programs than under Medicaid. For example, the Ohio GA-M program stipulates that coverage for inpatient care in a general hospital may not exceed 20 days during a 60 day benefit period.

The current recession has produced a climate of budget austerity in several states which threatens to make some GA-M programs an endangered species. Effective February 1991, Rhode Island reduced provider reimbursement rates under its GA-M program to 50% of the Medicaid rate for all services for the remainder of the fiscal year. Beginning in March 1991, the state of Michigan cut all physician fees by 10%. Earlier this year, the governor of Illinois proposed turning the program over to the counties to administer and fund entirely on their own; and the governor of Massachusetts proposed the elimination of the General Relief program and the establishment of a significantly scaled-back version. In Michigan and Ohio, the health departments recommended to the state legislature that GA-M be terminated at the end of the current fiscal year. The fate of the GA-M programs in these states is not yet clear as the state legislatures are not expected to reach a decision until later in 1991.

All 23 GA-M programs pay for prescription drugs as a covered benefit. The precise nature of the coverage and restrictions on AIDS-related drugs are reviewed in a subsequent section.

RECIPIENTS AND EXPENDITURES

It is difficult to compare GA-M programs in terms of size because only eight states are able to provide an unduplicated recipient count. An unduplicated count represents each individual who has received a covered medical service, whereas a duplicated count is inflated because an individual may have received several services and would be counted for each one. Montana and New Jersey, which provide ambulatory services only, operate the smallest programs in terms of participation, with 3,123 and 3,468 recipients, respectively. The largest one by far is New York's Home Relief program, with 234,709 recipients. It is clear that a state's GA-M program is considerably smaller than it's Medicaid program.

Annual expenditures for GA-M range from a low of $285,410 in Vermont to a high of $720 million in New York. The wide variation is due to differences in scope of benefits, eligibility standards and local variation in the cost of providing health care. In absolute terms, New York also spends the most for prescription drugs (see Exhibit 2).

Expenditure data for prescription drugs is available in only 12 states. In the GA-M programs that provide comprehensive services, spending on prescription drugs ranges from 3% to 16% of total expenditures, most often falling below 10%. In the three states with ambulatory care programs for which data is collected (Massachusetts, Oregon and Vermont), outlays for prescription drugs comprise a predictably higher proportion of total GA-M spending. None of the states are able to report how much of their total outlays for drugs goes for AIDS-related drugs. As far as patient cost-sharing is concerned, four states impose a small copayment on prescription drugs: Kansas, Maryland, Michigan and Pennsylvania.

Very few states collect data on the utilization of prescription drugs by their GA-M recipients. New York reports that during 1990 its Home Relief program paid for a total of 5,076,000 prescriptions. The state of Washington estimates that during the same period approximately 240,000 prescriptions were filled. Neither state knows what proportion of these prescriptions was written for AIDS-related drugs.

EXHIBIT 2

DRUG EXPENDITURES UNDER STATE GENERAL ASSISTANCE - MEDICAL PROGRAMS

STATES	TOTAL EXPENDITURES[1]	DRUG EXPENDITURES	DRUGS AS PERCENTAGE OF TOTAL	DRUG COPAYMENTS
ALASKA	$6,090,200	$160,200	3%	NO
CONNECTICUT	$34,723,156	$2,443,850	7%	NO
HAWAII	$25,437,755	NA	NA	NO
ILLINOIS[2]	$71,507,798 $80,853,262	NA NA	NA NA	NO NO
KANSAS	$20,033,550	$986,662	5%	YES-$1.00
MAINE	$313,000	NA	NA	NO
MARYLAND	$114,200,000	$6,800,000	6%	YES-$1.25
MASSACHUSETTS	$31,000,000	$7,000,000	23%	NO
MICHIGAN	$26,100,000	NA	NA	YES-$0.50
MINNESOTA	$107,600,000	$7,700,000	7%	NO
MISSOURI	$5,685,644	$859,249	15%	NO
MONTANA[3]	$6,087,272	$404,774	7%	NO
NEW JERSEY	$26,669,691	NA	NA	NO
NEW YORK	$719,573,699	$90,618,084	13%	NO
OHIO	$173,000,000	NA	NA	NO
OREGON	$7,300,000	$1,400,000	19%	NO
PENNSYLVANIA	$466,100,000	NA	NA	YES-$0.50
RHODE ISLAND	$15,000,000	NA	NA	NO
VERMONT	$285,410	$254,484	89%	NO
VIRGINIA[4]	$10,600,000	NA	NA	NO
WASHINGTON	$32,200,000	$5,000,000	16%	NO
WISCONSIN	$41,645,000	NA	NA	NO

FOOTNOTES:

[1] Data on expenditures for medical care is for state fiscal year 1990 for all states except Maryland, Michigan and New York where it is for fiscal year 1989.

[2] Data is given for both Illinois programs for the medically indigent: the AMI program and the GA-M program.

[3] Data on expenditures represents only the state-run portion of the General Relief program, which comprises 12 counties. The remaining 44 counties administer and fund their own programs.

[4] Expenditure data is for the mandatory, state-run State and Local Hospitalization program. Funding levels for the smaller, optional General Relief program are not available.

SOURCE: **Intergovernmental Health Policy Project, 1991.**

COVERAGE FOR AIDS-RELATED DRUGS

The Medicaid Prudent Pharmaceutical Purchasing Amendments of 1990 have had a major impact on state GA-M programs. Whether intentional or not, the new provisions have had two significant consequences: (1) They are creating open formularies in those states that had closed formularies for both their Medicaid and GA-M programs; and (2) They are causing GA-M program officials in all states to rethink their policies toward drug restrictions and prior approval requirements in general.

Prior to passage of the Medicaid amendments, the 22 operational GA-M programs mimicked Medicaid when it came to placing drugs on the covered list. In other words, the 17 states with open formularies routinely covered virtually all FDA-approved drugs, including AIDS-related drugs (see Exhibit 3). This was not the case with the remaining five states with restrictive policies: Kansas, Missouri, Ohio, New York and Washington.

This situation has changed radically in response to the impending Medicaid drug regulations which took effect January 1, 1991. Two states have already discontinued their closed formularies: Kansas (effective April 1, 1991); and Missouri (effective January 1, 1991). The other three states are implementing the new regulations on a step-by-step basis by adding new drugs to their formularies each month and diminishing prior approval requirements.

The fact that all states were supposed to begin opening their drug formularies on January 1, 1991, does not mean that there will be no restrictions on the availability of AIDS-related drugs for GA-M recipients. On the contrary, there are several distinct types of restrictions that will continue.

To begin, only 14 of the 22 GA-M states provide coverage for prescription drugs which is comprehensive and comparable to Medicaid. The remaining eight states restrict the scope of their drug coverage to a significant extent. For instance, only life sustaining drugs are paid for by GA-M in Alaska, Illinois, Kansas and Massachusetts. While in Maine, Michigan and Vermont, outpatients may receive all medically necessary drugs, GA-M in these states does not pay for drugs on an inpatient basis. Conversely, all Virginia recipients are assured of drug coverage if they are hospitalized, but not if they seek outpatient treatment (see Exhibit 4).

EXHIBIT 3

AIDS-RELATED DRUGS

DRUG NAME	INDICATION	FDA-APPROVED SPECIFIC TO AIDS
Bactrim (Trimethoprim and Sulfamethoxazole)	Pneumocystis Carinii Pneumonia (PCP) treatment	NO
Cytovene (Ganciclovir)	Retinitis	YES
Dapsone	PCP prophylaxis	NO
Daraprim (Pyrimethamine)	Toxoplasmosis treatment	NO
Diflucan (Fluconazole)	Meningitis, candidiasis	YES
Epoetin alfa (Erythropoietin-EPO)	Anemia	YES
Fansidar (Sulfadoxine and Pyrimethamine)	PCP prophylaxis	NO
Intron A (Interferon alfa-2b)	Kaposi's sarcoma	YES
NebuPent (Aerosolized Pentamidine)	PCP prophylaxis	YES
Pentam 300 (IM and IV Pentamidine)	PCP treatment	YES
Retrovir (AZT; Zidovudine)	HIV positive asymptomatic and symptomatic	YES
Roferon A (Interferon alfa-2a)	Kaposi's sarcoma	YES
Septra (Trimethoprim and Sulfamethoxazole)	PCP treatment	NO
Zovirax (Acyclovir)	Herpes	NO

SOURCE: **Food and Drug Administration, 1991; Pharmaceutical Manufacturers Association, 1990.**

EXHIBIT 4

COVERAGE OF PRESCRIPTION DRUGS UNDER STATE GENERAL ASSISTANCE-MEDICAL PROGRAMS

STATES	NATURE OF DRUG COVERAGE	DRUGS EXCLUDED	LIMIT ON # OF PRESCRIPTIONS	PRIOR APPROVAL REQUIREMENTS FOR AIDS DRUGS
ALASKA General Relief-Medical	RESTRICTIVE -- terminally ill and chronically ill patients only	LIMITED TO TREATMENT OF: cancer, AIDS, diabetes, seizure disorders, hypertension, other chronic illnesses	NO	NO
CONNECTICUT General Assistance-Medical Aid	COMPREHENSIVE	Same as Medicaid coverage	NO	OPTIONAL -- may be required by some townships
HAWAII General Assistance-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	NO
ILLINOIS General Assistance-Medical Aid to the Medically Indigent	RESTRICTIVE -- life sustaining drugs only	LIMITED TO: insulin, arthritis, cardiovascular, anti-biotics, AIDS-related, other life sustaining drugs	NO	NO
KANSAS Medikan	RESTRICTIVE -- life sustaining drugs only	LIMITED TO: antibiotics, AIDS-related, cardiovascular, anti-psychotic, other life sustaining drugs	NO	NO
MAINE General Assistance-Medical	RESTRICTIVE -- outpatient drugs only	Same as Medicaid coverage for outpatient use	NO	NO
MARYLAND Medical Assistance-State Only	COMPREHENSIVE	Same as Medicaid coverage	NO	YES -- Dapsone -- Fansidar
MASSACHUSETTS General Relief-Medical	RESTRICTIVE -- inpatients reimbursed for life sustaining drugs only -- outpatients receive all necessary drugs	LIMITED TO: antibiotics, AIDS-related, cardiovascular, other life sustaining drugs for inpatient use	NO	YES -- Epoetin alfa
MICHIGAN General Assistance-Medical	RESTRICTIVE -- outpatient drugs only	Same as Medicaid coverage for outpatient use	NO	YES -- Cytovene -- Epoetin alfa -- Intron A -- Roferon A
MINNESOTA General Assistance-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	YES -- Epoetin alfa
MISSOURI General Relief-Medical	COMPREHENSIVE	Same as Medicaid coverage	YES -- 5/month limit	NO
MONTANA General Relief-Medical Assistance	COMPREHENSIVE	Same as Medicaid coverage	NO	YES -- required for all drugs/services -- off-label use of AIDS-related drugs not covered
NEW JERSEY General Assistance-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	NO

EXHIBIT 4 (Continued):

COVERAGE OF PRESCRIPTION DRUGS UNDER STATE GENERAL ASSISTANCE-MEDICAL PROGRAMS

STATES	NATURE OF DRUG COVERAGE	DRUGS EXCLUDED	LIMIT ON # OF PRESCRIPTIONS	PRIOR APPROVAL REQUIREMENTS FOR AIDS DRUGS
NEW YORK Home Relief	COMPREHENSIVE	Same as Medicaid coverage	YES -- 43 items/year; includes prescriptions plus OTC	NO
OHIO General Assistance-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	YES -- Epoetin alfa
OREGON General Assistance-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	NO
PENNSYLVANIA General Assistance-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	NO
RHODE ISLAND General Public Assistance-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	NO
VERMONT General Assistance-Medical	RESTRICTIVE -- outpatient drugs only on emergency basis	Same as Medicaid coverage for outpatient use	NO	NO
VIRGINIA General Relief-Medical State and Local Hospitalization	RESTRICTIVE -- under GR, most localities cover drugs -- under SLH program, only inpatient drugs	Same as Medicaid coverage	NO	NO
WASHINGTON General Assistance Unemployable-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	YES -- required for off-label uses of AIDS-related drugs
WISCONSIN General Relief-Medical	COMPREHENSIVE	Same as Medicaid coverage	NO	YES -- required for all drugs/services

SOURCE: Intergovernmental Health Policy Project, 1991.

The most common restriction imposed by the states is prior approval or authorization (PA) before certain AIDS-related drugs will be reimbursed. PA is usually used by the states to control drugs that treat a very specific condition, drugs that are very expensive, or both. Six GA-M programs use PA in this selective manner. Epoetin alfa (EPO) is the most frequently cited as requiring PA; it also is the most recent FDA-approved medication for the treatment of AIDS or AIDS-related conditions. Two states (Maryland and Washington) require PA for the off-label use of AIDS-related drugs such as Dapsone and Fansidar,[2] and reserve the right to decide whether they will be covered for an HIV patient on a case-by-case basis.

In the case of two other states, PA is routinely required for all GA-M drugs and services. In Wisconsin, PA is used for purposes of entry to the health care delivery system. Once a county eligibility worker certifies a GA-M enrollee's access to a physician, then the provider is free to prescribe medications without any restrictions. The process is different in Montana, where the client must request a letter of authorization each month from the local eligibility worker in order to receive covered benefits.

Besides PA, very few restrictions for AIDS drugs are applied by GA-M states. The Montana program does not cover the off-label use of drugs for HIV patients; there would have to be a secondary diagnosis that was not AIDS-related. Pennsylvania limits drug coverage to their categorically needy population only. However, the state does provide some AIDS drug coverage for the medically needy through its AIDS Drug Assistance Program. Although several GA-M states apply drug copayments or limit the number of prescriptions that may be filled, AIDS-related drugs are either exempt or not affected for the most part.

Finally, GA-M programs do not pay for experimental or investigational AIDS drugs or treatments (i.e., those that have not yet received FDA approval for marketing). It is generally felt that investigational new drugs are already paid for by the manufacturer.

In conclusion, with very few exceptions, state GA-M programs do not treat AIDS-related drugs in any special manner. Most commonly, AIDS-related drugs are automatically added to their

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[2] "Off-label" use of these drugs refers to the fact that although they are widely used as part of the treatment regimen for HIV patients, they do not have labeling instructions specific to HIV infection.

formularies once they have received FDA-approval. While a minority of GA-M programs require PA for AIDS-related drugs, the criteria for approving their use (e.g., FDA label, diagnosis, cost) are no different than those applied to other drugs in those states.

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